



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
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NASHVILLE, TENNESSEE 37243-5065

DON SUNDQUIST
GOVERNOR

DOUGLAS M. SIZEMORE
COMMISSIONER

BULLETIN

TO: All Property and Casualty Insurers Doing Business in Tennessee

FROM: Douglas M. Sizemore, Commissioner 

RE: Automobile Physical Damage (Single or Dual Interest)
Coverages and Inland Marine Personal Property Floaters Covering Household Goods (Single or Dual Interest)

DATE: October 6, 1997

The purpose of this bulletin is to update the position of the Tennessee Department of Commerce and Insurance regarding the rate requirements for the above-referenced coverages and to describe the standards the Department intends to apply to all future rate filings for these coverages. Please note that these standards apply to all such coverages, whether sold in connection with industrial loan and thrift transactions or in connection with other finance or loan transactions. These standards replace those set out in Orders issued by the Department on January 7, 1983 and January 17, 1972 directed to Tennessee industrial loan and thrift company transactions. Effective immediately, companies are advised that the premium rates on new policy forms shall comply with the following guidelines:

TYPE OF COVERAGE	INTEREST	RATE
Auto Physical Damage	Single	Rate as justified, filed and approved
Auto Physical Damage	Dual	Rate as justified, filed and approved
Household Goods	Single	Rate as justified, filed and approved
Household Goods	Dual	Rate as justified, filed and approved

All rates must be based on actual loss experience (or other relevant supporting data if experience is insufficient) in order to be considered not excessive under Tennessee law. Tennessee Code Annotated, §56-5-303, provides that a rate is excessive if it is likely to produce a profit that is unreasonably high for the insurance provided or if the expense provision included therein is unreasonably high in relation to the services rendered. All filings are required to be updated with the Department once every two (2) years for continued compliance.

Questions concerning this bulletin should be directed to Coit Holbrook, Director, Rating Section at 615-741-2333.